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Pakistan's Cotton Exports Surge Upward

Asian Market for U.S. Tobacco

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This week's cover:

Japan's flourishing poultry industry, bolstered by rising meat and egg consumption, is creating further demand for U.S. feeds. In an article beginning on page 2, FAS Administrator Raymond A. Ioanes reviews the factors which led to Japan's emergence as our top single-country customer for agricultural products, and discusses opportunities which may lead to the goal of a $2-billion market for U.S. farm products there.

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Pointing to a threefold jump in U.S. farm exports to Japan in the past 22 years, Raymond A. Ioanes, Administrator, Foreign Agricultural Service, says reachable goal is

A $2-Billion U.S. Farm Market in Japan

In recent months, we have heard much about U.S. farm sales to overseas markets, but it is essential that we not forget our more traditional markets. The sales to the Soviet Union and to Communist China represent real breakthroughs not only in trade but in the whole area of peaceful relationships. Still, Japan continues to be our largest single-country market for farm products. It became—in 1970—our first billion-dollar market. It will become our first two-billion-dollar market! And that should certainly occur in this decade.

Basically, this opportunity traces to the remarkable economic achievements and potential of the Japanese nation. An island nation without many of the natural raw materials thought to be essential, the Japanese have taught the world that a nation's most important resource is its people. This is the real story behind Japan's miracle of economic growth.

Since 1950, Japan's gross national product has increased from $11 billion to $300 billion! And rapid growth will continue—at a rate estimated at 9 percent per year. It is forecast that between now and 1980, the GNP will double in real terms.

Since 1950, Japan's per capita income has grown from $110 to $2,250. It is estimated that between 1972 and 1980, national income per capita will increase by 7 percent a year. This would be a rise in 8 years of about 70 percent in real terms.

Growth of this kind is reflected in the quality and character of the things people eat. The effect of rising incomes on the consumption of meat, poultry, and dairy products is evident in our own country. Certainly it is evident in Japan.

Within a decade, the Japanese have doubled their per capita consumption of meat—from a 1961-65 average of 13 pounds to a 1971 level of 27 pounds. It is estimated that per capita consumption of meat will double again in the next 10 years. And considering that Japan's use of meat per person is still only about one-eighth of U.S. consumption, the opportunity for further expansion is obvious.

Japan's per capita consumption of poultry meat has doubled in 5 years—from a relatively low starting point, 4.4 pounds. In the next decade, poultry consumption per person should rise to an estimated 17 pounds.

The Japanese expect their per capita use of milk and milk products to go up by about 50 percent in the next 10 years. Egg consumption will go up about 10 percent. All in all, the use of animal protein by the average Japanese is expected to go up by 50 percent between 1970 and 1982.

These developments spell opportunity for American agriculture, particularly the producers of those commodities that go into the feeding of animals and poultry. Already, Japan is our No. 1 customer for soybeans, feedgrains, and grain sorghums—as it is for cotton.

In 1972, the Japanese took about 15 percent of U.S. agricultural exports. The Japanese imported about a fourth of their food needs, all of their cotton, and a sixth of their tobacco. The United States provided about 30 percent of all Japanese farm imports.

Actually, the Japanese market as a major U.S. farm outlet does not go back a long way.

In 1950 Japan was the No. 1 market for U.S. agricultural products, as it is today. It took about 12 percent of U.S. farm exports—a smaller share than it represents today. But since 1950, U.S. farm exports have expanded more than threefold in terms of value, and the Japanese market has led the way in that expansion.

Total U.S. farm exports in calendar 1972 were over $9 billion, compared with $3 billion in 1950. Our farm exports to Japan during 1972 were about $1.4 billion, compared with $350 million in 1950.

In 1950, a substantial part of U.S. farm products going into Japan were under relief and Government programs. These shipments to Japan trailed off in the late 1950's and came to an end, as our P.L. 480 and market development work began to pay off in commercial trade. In 1961, our exports to Japan exceeded a half billion dollars for the first time, and this was virtually all commercial trade.

The commodity makeup of our trade with Japan has also changed.

In 1950, cotton made up almost two-thirds of U.S. farm exports to Japan. Wheat made up a fifth, and soybeans and products about 3 percent. Exports of tobacco, corn, or fruits and vegetables were not significant.

Today, the leading U.S. export to Japan is soybeans. And in 1971-72, our exports of soybeans alone to Japan were more than the value of all U.S. agricultural exports to that country in 1950. Wheat and corn made up another $275 million in 1971-72. Tobacco exports amounted to $70 million. But cotton exports had fallen off to little more than half what they were at the beginning of the 1950's, although Japan is still our largest export market.

". . . We believe there is much more that the Japanese could do to liberalize trade, in their own interest as well as ours."

We believe it is reasonable to expect a gradual rise in cotton consumption in Japan. Such factors as increasing population, incomes, and a high degree of technical development should have a favorable influence.

The Japanese themselves estimate the demand for cotton in 1980 at 3,860,000 bales—an increase of 9 percent over the 3,555,000 bales imported in the 1971-72 marketing year. Meantime, Japan continues to be our largest export market for cotton, and there is every reason to be hopeful about the future.

Japan also used to be our largest market for rice. However, consumption has tended to flatten out in recent years, and increased production, boosted by a very high support level—now about five times the U.S. level—created a substantial surplus. This led to a surplus disposal program and a rice diversion policy to shift more rice acreage into other crops. Stocks have been reduced substantially in the past 2 years largely through increased use of rice for feed, and production is now about in balance with normal consumption needs.

Per capita consumption of rice will likely continue to decline in the future as Japanese consumers add more variety to their diet.

Japan is our third-ranking market for tobacco—behind the United Kingdom and West Germany. Japan is a bright spot in the marketing picture for tobacco, based on projections of a rise in U.S. tobacco exports to that country of 10 percent a year. Moreover, the Japanese have recently started buying U.S. burley to replace some of their own leaf in cigarettes, and this is a very promising development.

As for soybeans, we expect a continuation of the vigorous growth in the Japanese market. In the 1960's, the market for U.S. soybeans in Japan increased at a rate of about 6 million bushels a year. During the decade of the 1970's, we expect exports to Japan to grow about 8 million bushels a year —which would be an annual rate of 7 percent.

We estimate that the demand for feedgrains will also continue to rise sharply in Japan. In the current export year, 1972-73, U.S. exports to Japan are estimated at 6.8 million tons. We hope to double that figure by the end of this decade.

Growth in the Japanese wheat market will be slower, but we expect to supply 50 percent or more of the total market that we hope will grow from 5.3 million tons in 1972-73 to about 7 million tons by the end of the 1970's.

We have also had rapid growth, percentage-wise, in exports to Japan of a number of animal products and specialty items; and developments in the Japanese market for U.S. citrus are particularly interesting. A continued growth in some of these markets is closely related to the prospects for further liberalization of Japanese imports.

Japan has come a long way in liberalizing imports that are important to our agriculture. We appreciate the steps that Japan has taken over the years that have made possible the continued growth in our market there. At the same time, we believe that there is much more that the Japanese could do to liberalize trade in their own interest as well as ours. And I think the Japanese recognize this, too.

Japan has been a member of the General Agreement on Tariffs and Trade (GATT) since 1955. Tariff rates on many items of importance to U.S. exporters have been reduced or eliminated and bound by Japan under the auspices of the GATT. These include cotton, hides and skins, inedible tallow, lemons, raisins, and almonds, in addition to feedgrains and soybeans. These important commodities have unrestricted access to Japan.

Over the past several years, Japan has removed many nontariff barriers on items of interest of U.S. exporters. Many quotas have been removed or enlarged. The duty on soybeans was suspended on April 1, 1972.

The Japanese still maintain several quotas, however, which severely restrict U.S. exports. These include quotas on fresh oranges, orange and other juices (except lemon), dried peas and beans, and edible roasted and unroasted peanuts. In addition, many of the items removed from the quota list have been assessed higher duties or variable levies which tend to limit the increased trade which should have followed the liberalization. Examples of items in this category include pork and grapefruit.

Grapefruit is an excellent example of the positive results that can come from trade liberalization. Even with the high duty—40 percent in their winter season—exports jumped from less than $1 million in U.S. fiscal 1971 to $18 million in 1972 after the quota was removed, and they are expected to reach $30 million in 1973.

Many tariffs, particularly on processed items, remain high. The duty on unsweetened juice, for example, is 25 percent.

In addition to tariffs and quotas, we also often run into quarantine barriers when we try to increase our sales. Japan, like many other countries, has on occasion established tolerances on products that are more restrictive than tolerances applied to comparable items produced in Japan. This happened re-

(Continued on page 16)

Cotton received from small farms is premixed for uniformity at a gin near Multan, Pakistan (top). Baled cotton is shown near a typical, gaily-decorated truck at a gin in the Sind area (above).

Pakistan Now Top U.S. Competitor For Short Staple Cotton Exports

By LARENCE E. OSBORN
Cotton Division
Foreign Agricultural Service

During the past 2 years, an unprecedented rise in cotton output and exports has made Pakistan—the United States main competitor for short staple cotton sales in world markets—an even more aggressive competitor.

Accounting for the upswing are the availability for export of cotton previously supplied to Bangladesh (formerly East Pakistan), as well as 2 excellent crop years. In 1972-73, cotton exports are estimated at a record 1.4 million bales, sharply up from the 1 million last season, and triple the 473,000 bales shipped in 1970-71.

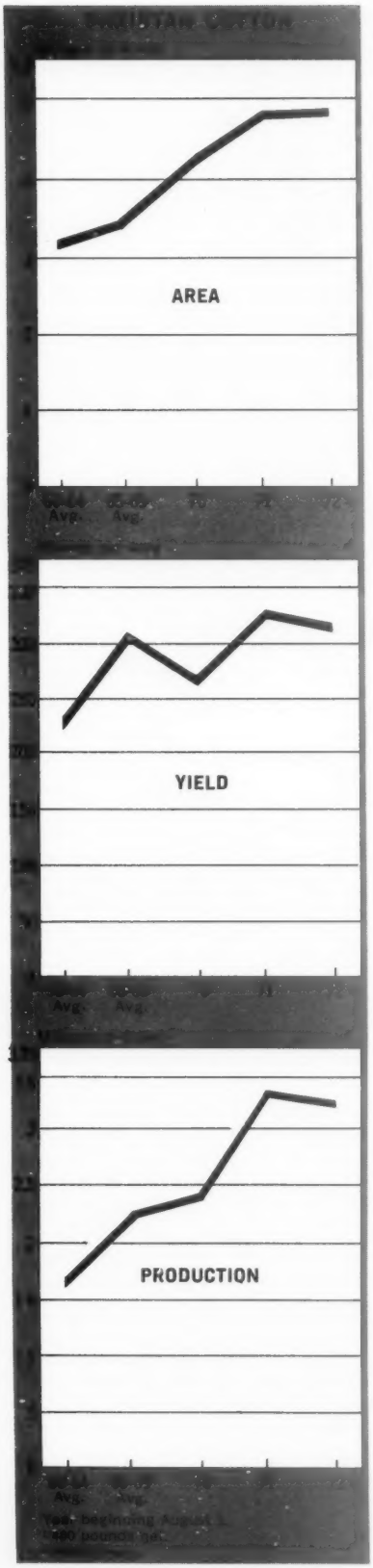
Almost all of Pakistan's cotton for export is in the 1-inch or shorter staple length, which is sold primarily to Japan, Western Europe, and Hong Kong—also major U.S. markets—and to Communist countries.

Cotton production in Pakistan is centered in a 900-mile zone along the Indus River basin. Some 5,000 years ago, a short, harsh variety, called Desi, was cultivated here by the Mohanjo-Daro civilization. New varieties—principally American Upland cotton—were not introduced until the early 1900's. Since then, Pakistan has increased production to become one of the world's top five cotton producers, accounting for nearly 6 percent of total world production in 1972-73.

The northern zone of the Indus basin provides about three-fourths of acreage and output of both Upland and Desi cotton. The Desi variety accounts for about 8 percent of Pakistan's total production. Of the seven districts, three —Sargodha, Multan, and Bahawalpur —produce about 60 percent of the Upland cotton, and Lahore and Bahawalpur nearly 75 percent of the Desi variety.

In 1972-73, Pakistan expects to harvest about 3.3 million bales of cotton, about the same as 1971-72 output. This will meet goals set by the Government of Pakistan Planning Commission for the final year of its fourth 5-year plan, which ends in 1973-74.

However, actual production in the past two seasons has exceeded goals set by the fourth 5-year plan, due to higher yields and expanded acreage. In 1971-72, acreage rose sharply as the support program for sugarcane was reduced,



and some sugarcane land was diverted to cotton. Acreage expanded again in 1972-73 to 4.9 million acres at the expense of sugarcane and corn.

Although new cropland is brought into production each year as irrigation facilities are added or improved, expansion is very slow due to the scarcity of water suitable for irrigation and shortage of arable land due to soil salinity. Only surface water is available for irrigation, as most subsurface water has a high saline content.

Pakistan's greatest potential for increasing production is through greater achievements in yield. Yield has increased for many years as new varieties are introduced and improved production practices adopted, including better farming techniques and more efficient use of water.

Average yield in 1972-73 is calculated at 323 pounds of lint per acre, down 12 pounds from last season, but up 54 pounds from 1970-71 and 59 pounds higher than the 1966-70 average. This season's lower yield is due mainly to pest problems.

As Pakastani farmers adopt new practices, yields are likely to rise even more rapidly. Through Government and industry promotion programs, farmers are realizing that better production practices, especially insecticide and fertilizer use, will raise profits.

Most small farmers use little fertilizer or insecticide, compared to larger, progressive farms. Trade sources indicate that fields average 50 pounds of fertilizer per acre and receive only one spraying. Simple practices which are helping to improve yields include better timing on water application, improved planting techniques, and better seedbed preparation.

In the past, agricultural research on cotton has been largely confined to genetic improvement. In 1972-73, cotton research is being broadened to include plant physiology, pathology, and entomology, with experts in these fields now employed by research stations. By November 1972, samples of most insects, predators as well as pests, and diseases that affect cotton had been collected.

New fields of research are being coordinated with genetic studies to develop a more desirable plant. Research station objectives are to produce a plant of short stature with a large, wide-opening boll, relative pest resistance, and tolerance to the saline conditions that exist in most of Pakistan's cotton-growing areas.

"Pakistan has increased production to become one of the world's top five cotton producers, accounting for nearly 6 percent of total world production in 1972-73."

At present, many crosses are being investigated and two new varieties are proposed for initial commercial distribution in the southern zone (Sind area) in 1973-74. Most cotton now planted in this area is a mixture of M 4 and M 100 varieties released a few years ago, and

PAKISTAN: COTTON SUPPLY AND DEMAND
[In thousands of bales][1]

Season [2]	Beginning stocks	Production	Imports	Total supply	Consumption	Exports	Ending stocks
1953-57 [3]	316	1,348	9	1,673	740	628	295
1958-62 [3]	295	1,443	13	1,751	1,109	387	255
1963	200	1,940	4	2,144	1,255	689	200
1964	200	1,747	9	1,956	1,301	485	170
1965	170	1,915	7	2,092	1,305	492	295
1966	295	2,100	10	2,405	1,355	558	492
1967	492	2,390	18	2,900	1,463	887	550
1968	550	2,430	1	2,981	1,705	574	702
1969	702	2,475	20	3,197	2,005	393	799
1970	799	2,425	40	3,264	2,140	473	651
1971 [4]	651	3,350	7	4,008	2,022	1,008	978
1972 [4]	978	3,300	5	4,283	2,100	1,400	783

[1] 480 pounds net. [2] Beginning August 1. [3] Average. [4] Preliminary. Cotton Division, Foreign Agricultural Service, USDA.

is superior in quantity and quality to varieties previously planted.

Pakistan's domestic consumption of cotton has trended generally upward for the past 25 years. But consumption was down last season—despite a sharp increase in mill capacity—due to labor stoppages and loss of consumption by mills located in East Pakistan. Raw cotton utilization in 1972-73 is expected to recover to 2.1 million bales, about equal to the 1970-71 record.

Mill capacity in Pakistan (excluding East Pakistan) has mounted by about 8 to 10 percent since 1970-71. In 1972-73, the textile industry had roughly 3 million spindles, compared to 2.7 million in 1971-72. Mill owners indicate that another 250,000 spindles are scheduled for installation by the end of the 1973-74 season, but expansion beyond that is uncertain.

Most production and exports are now in the coarser counts of 10's and 20's —manufactured primarily from shorter staple cotton. In previous years, a high proportion of fine yarns has been produced for use in East Pakistan.

The cost of cotton production to farmers in the 1972-73 season is slightly above last season's, primarily because of currency devaluation. Fertilizers and insecticides are more expensive to farmers—who need more rupees to purchase the same quantities this season. Production estimates vary because of the reversal of cotton prices during harvest.

Prices paid to farmers early in the 1972-73 season averaged 13 to 14 U.S. cents per pound, about the same as early-in-season prices last year. However, some farmers in the Multan area, reportedly dissatisfied with prices, were refusing to sell for less than 14.5 cents per pound in early November.

Market prices for Pakistani cotton fluctuated widely in November 1972, causing the Karachi futures market to close early a few days to stabilize prices. Although the cotton crop was at an alltime high and exports were expected to set new records, world supplies of shorter staple cotton were tight and rain was reported in the U.S. shorter staple cotton area.

As a result, Liverpool market quotations for Pakistani 289 cotton, comparable to U.S. Middling 1-inch, increased to 32.5 cents per pound in mid-December 1972, after dropping to an average of 27.4 cents in October from a high of nearly 40 cents per pound in early February.

Asian Market for U.S. Tobacco— An Awakening Giant

By LEROY HODGES, JR.
Tobacco Division
Foreign Agricultural Service

EXPORTERS OF U.S. tobacco have for long recognized the vast potential market for tobacco products in Asia. In this area live more than one-half the world's people. Many of them are still on a subsistence level; but as the economies of the countries improve, the consumption of certain luxuries, including cigarettes, turns upward.

Three major sales outlets for U.S. tobacco are located on or near the great Asiatic land mass—Japan, Thailand, and Taiwan. Five other Asiatic countries have been or are becoming outlets of some consequence also—Malaysia, South Vietnam, Hong Kong, Singapore, and the Philippines.

Only within the past decade has this sleeping giant of a market begun to stir. Cigarette production in the Asiatic area has jumped an astounding 49 percent, compared with 14 percent in the United States and Central America and 36 percent in Western and Eastern Europe.

Tobacco production in the area has picked up sharply also—nearly 25 percent during the decade—and now amounts to 45 percent of the world total. The People's Republic of China, the Philippines, and South Korea are the area's largest producers. But, when consumer demand shifts to the American type of blended cigarette, many manufacturers find that the aromatic U.S. tobaccos are necessary in cigarette blends to offset the neutral taste of local tobaccos.

Thus, U.S. sales of unmanufactured tobacco to the area have climbed rapidly and are now three times those of 10 years ago, despite the fact that U.S. leaf sells for much higher prices than local leaf. Since relatively little attention is paid in the area to the "smoking and health" controversy, cigarette consumption will probably expand, and demand for U.S. tobacco should continue to increase if prices are kept competitive.

Japan. Cigarette consumption in Japan has leaped forward vigorously in recent years, keeping stride with the country's phenomenal postwar economic expansion and making it the top customer in Asia for U.S. tobacco. From 1960 to 1971 the sale of cigarettes doubled in volume, reaching approximately 236 billion pieces valued at more than $3 billion. Indications are that this rate of increase will continue in the foreseeable future.

The Japan Monopoly Corporation (JMC), established as a public service enterprise in 1949, controls all aspects of the tobacco industry—from leaf production and imports to cigarette manufacture and sales.

TOBACCO IS cultivated in Japan on a patchwork of small privately owned plots averaging less than one-half acre to the farm. The total area planted to tobacco in 1972 was 153,104 acres, a decrease of about 3.7 percent from the 1971 crop and the smallest crop since 1963. Total leaf production was 312 million pounds, down 4.7 percent from the preceding year.

Flue-cured, the major type produced, amounted to 180 million pounds in 1972—a drop of 11.4 percent from 1971. Native leaf accounted for 98 million pounds—down 3 percent. Burley production, which is being expanded for use in blended cigarettes, amounted to 33 million pounds—an increase of 33 percent over 1971, with a further increase slated for 1973.

Although the smoking and health controversy has not assumed the same importance in Japan as in the United States, the JMC is not only trying to clarify the question through research but also endeavoring to produce milder cigarettes with the lowest possible tar and nicotine content.

Delivering Thai leaf to tobacco monopoly, for export or blending with U.S. leaf.

In 1956, Japan's purchases of U.S. tobacco—4.5 million pounds—were practically all the tobacco it imported. It was then that the JMC began to advertise cigarettes for the first time, with emphasis on brands that contained substantial quantities of U.S. tobacco. Aided by the rapidly rising standard of living, cigarette sales began to boom. Larger domestic leaf production was called for, and imports too showed sharp increases, especially in U.S. leaf.

By 1970, imports had risen to 80 million pounds of leaf, 51.5 million (over 63 percent) from the United States. In 1971, total imports increased to nearly 100 million pounds, but the U.S. share—owing to the east coast dock strike—was down.

Japanese officials are increasingly active in purchasing from countries new to tobacco production. They are in search of inexpensive low-tar and low-nicotine tobacco to fill the gap in production at home and to blend with the more expensive aromatic tobacco from the United States.

Also, the growing preference of Japanese smokers for low-tar and low-nicotine cigarettes is causing head-on competition by their leaf buyers on U.S. tobacco auction floors with U.S. cigarette manufacturers for thin-bodied leaves with low tar and nicotine content. If the United States can supply the Japanese with the quantity and quality of tobacco they desire at reasonable prices, it will continue to be by far Japan's dominant supplier.

Thailand. In this prosperous country of almost 40 million people, little or no thought is given to the smoking and health problem, and per capita consumption of cigarettes is very high. Thai smokers show a strong preference for quality cigarettes made with a high percentage of U.S. cigarette tobacco, and as a consequence Thailand is Asia's second largest customer for U.S. leaf.

A strong, well-managed tobacco monopoly controls all phases of the industry. Tobacco—particularly flue-cured—is one of the nation's most important cash crops. Revenues from the monopoly's earnings provided nearly 10 percent of total Government revenues in 1972, with tobacco exports contributing significantly to the high level of foreign exchange earnings.

Thailand's 1972 flue-cured tobacco crop is expected to be around 50 million pounds. Research by the tobacco monopoly has improved varieties, yields, and quality; and the good color, light weight, and low tar and nicotine content of this leaf make it satisfactory as cigarette filler tobacco.

Almost half of Thailand's total tobacco crop is dark sun-cured tobacco for use in roll-your-own and low-grade cigarettes, but this type is rapidly giving way to increased production of flue-cured. A small amount of low-grade burley is also produced.

The monopoly purchases approximately half the flue-cured crop by contract arrangements with farmers. Another group of growers, producing around half the crop, are independent of the monopoly. They sell mainly to U.S. and international dealer organizations which are finding an ever-increasing market for this reasonably priced leaf in such countries as Japan, West Germany, and the Low Countries.

In 1946 the tobacco monopoly commenced using U.S. cigarette advertising techniques to promote domestic cigarette brands containing U.S. tobacco. These brands began a spectacular sales advance; such names as Gold City, Samit, and Falling Rain became household words. Purchases of U.S. tobacco rose in proportion, soaring from around 8.8 million pounds of high-quality leaf in 1956 to an estimated 25 million in 1972. Further increases can be expected as the demand for quality cigarettes continues to grow.

Taiwan. Since World War II, Taiwan's cigarette consumption has been rising rapidly as per capita income continues to push higher; and consumer taste has shifted to quality brands containing U.S. tobacco.

The Taiwan Tobacco and Wine Monopoly Bureau exercises strict control over leaf production and the manufacturing and distribution of tobacco products. The Monopoly produced a record 16.6 billion cigarettes in 1971. Well over half the total consisted of cigarettes with blends containing U.S. tobacco. Sales of higher quality brands containing U.S. leaf are increasing annually at about 10 percent, while sales of cheaper brands made from domestic leaf are decreasing.

The Monopoly is currently developing a true American-blend type of cigarette which if successful may open the way for increased sales of U.S. burley. Filter cigarettes are becoming increasingly popular and now make up 75 percent of production. Total cigarette sales for 1972 are expected to rise about 3 percent.

"Three major sales outlets for U.S. tobacco are located on or near the great Asiatic land mass—Japan, Thailand, and Taiwan."

Since 1967, Tobacco Associates, a trade association representing U.S. flue-cured tobacco growers, has been carrying out its own program in Taiwan to promote cigarette brands containing a high percentage of U.S. flue-cured. One—Long Life—has become the leading seller. Emphasis is now on the promotion of the President and Prosperity Island brands, sales of which are picking up rapidly.

Taiwan's Tobacco Research Institute is responsible for the introduction of better tobacco varieties and the improvement of cultural practices. Leaf production reached a high of around 45 million pounds in 1970, but in 1971 it was scaled down to around 37 million—below consumption—to work off accumulated stocks and bolster prices to the farmers. A further cut was slated for 1972.

Flue-cured tobacco comprises practically the entire domestic crop. It is reported to be high in tar and nicotine and to lack desired qualities of taste and aroma. As a result, the use of domestic leaf in manufacture has dropped slightly, while the use of imported leaf has increased sharply.

In 1971 imports of U.S. tobacco—9 million pounds of flue-cured plus a small amount of burley—represented 71 percent of total imports by weight and 83 percent by value. In 1972, the Monopoly plans to import as much as

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"Within the past decade . . . cigarette production in the Asiatic area has jumped an astounding 49 percent."

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15 million pounds from the United States, depending on the price and availability of desired grades.

South Korea too has been expanding its leaf sales to Taiwan, with 3.5 million pounds in 1971 for a 19-percent increase over 1970. Meanwhile, Taiwan's own tobacco has found some markets overseas. Taiwan exported over 8 million pounds in 1971, primarily to the United Kingdom, West Germany, and Indonesia.

Owing to increased warnings in Taiwan on smoking and health, the rate of rise in cigarette smoking has slowed a bit. Some even think that Taiwanese consumption may have already peaked. However, consumer preference for quality cigarettes containing U.S. tobacco and the need to upgrade the more neutral local tobaccos with U.S. leaf would seem to assure the United States a continuing strong tobacco market in Taiwan during the foreseeable future.

Other markets. In Malaysia the cigarette market is dominated by three international cigarette companies producing locally a wide range of well-known international brands which they either own or represent. Relatively small quantities of imported U.S. and English brands are sold; high prices are diminishing their share of the market. The United States is Malaysia's largest source of imported tobacco, supplying over 8 million pounds of high-grade flue-cured leaf in 1972. As the local crop increases and its quality improves, imports of U.S. leaf for blending will tend to reduce imports of other countries' more neutral tobaccos.

In South Vietnam, sales of dark French-type cigarettes made from local air-cured tobacco are giving way to those of American-type blended cigarettes. The two manufacturing plants still produce dark cigarettes, but they also now produce blended cigarettes from quality U.S. flue-cured supplied under the P.L. 480 program.

In Hong Kong, the United States markets more tobacco in the form of cigarettes than as leaf; it supplied 3.8 billion cigarettes in 1971 valued at $17 million, or nearly 70 percent of the cigarettes imported. The United Kingdom supplied most of the remainder. Sales of U.S. unmanufactured tobacco are declining along with total leaf imports as the predominantly Chinese population demonstrates its decided preference for buying imported cigarettes rather than locally manufactured brands.

In Singapore, an intensive anti-smoking campaign in 1970 reduced sales for a time, but manufacturers now find them steadying. The country produces about 2.5 billion cigarettes a year, exporting about 1.5 billion. Of the 2 billion it imports, most come from West Malaysia and the United Kingdom. The United States supplies about half of its leaf imports, which totaled 10 million pounds in 1971.

In the Philippines, tobacco trade with the United States has been seriously disrupted for the past several

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"U.S. sales of . . . tobacco to the area . . . are now three times what they were 10 years ago."

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years. Strong price supports have resulted in increased local production of low-grade leaf as well as in foreign exchange savings. As a consequence, Philippine imports of U.S. flue-cured have shrunk from the peak 30 million pounds of 1952 to a probable 9 million in 1972. This is much less than the amount of cigar tobacco the United States is likely to have bought from the Philippines. Sales of U.S. cigarettes to that country, once the leading market, are also sharply down. Price increases on imported leaf and cigarettes appear to be boosting consumption of the cheaper, lower grade, locally made cigarettes.

Ireland's "Wet Desert" Ready For Commercial Use if Marketing Problems Can Be Overcome

By ROBIN MOSSE
Office of U.S. Agricultural Attaché
Dublin

"FARMING THE bogs," which could well provide a dramatic expansion in Irish agriculture, is emerging at last as a commercial proposition. It involves the use of over 2 million acres or so of peat bog—Ireland's wet desert.

Now that most of the difficult production hurdles have been surmounted, however, Ireland must overcome marketing problems arising from joining the European Community (EC). These problems include abandonment of traditional protection for producers of fruits and vegetables—the most likely products to be grown on the bogs—and meeting the intense competition prevailing in the EC market, with its periodic surpluses and accompanying low prices.

Much of Ireland's best peatland has been cut over and drained in the process of providing fuel under the policy of the Bord na Mona (Turf Board). According to D. C. Lawlor, Managing Director of the Board, "It was natural both for physical and economic reasons that the bogs should first be developed for fuel. From the outset, however, the Board was conscious that its mandate extended beyond the utilization of the top organic layers of the bog. It was aware that the land left after fuel production would have an importance from the national point of view equal to that of the surface deposits."

"It is now ready for agriculture," says Dr. T. Walsh, Director of the Agricultural Institute. As prices for cropland have reached astronomical levels, peatland farming is now an economic proposition. It can go into grassland under present conditions and provide a reservoir of useful fruit and vegetable cropland when assured markets are available.

In a detailed physical survey taken during 1810-14, peatland was estimated to cover over 3 million acres of Ireland, almost one-fifth of the total land area. By comparison, a more recent soil survey by the Agricultural Institute estimates that "organic soils" comprise only 1.2 million acres, or 7 percent of the Republic's land area. However, this later survey is confined to large, continuous areas of peat and does not take into account the many small pockets of peatland. Also, some peatland is classified as mountain, and half a million acres are estimated to have been cut over for fuel purposes and partially reclaimed since the earlier survey.

Ireland's peat bogs are made up of a number of organic types and can vary in depth from a few feet to as much as 40 feet in places. They can be divided roughly into two categories: Comparatively free-draining "raised bogs" of mainly woody fen-type peat to be found in the midlands, and blanket peat, a wet acid sphagnum peat found mostly in the western areas and in mountainous regions.

BLANKET PEAT is formed by layers of dead moss, grass, and remains of heather, and is still forming. Fen types contain decomposed forest trees. Several types of peat will occur through the soil section of individual bogs and so, for instance, midland fen types are often covered with a top layer of wet sphagnum, sometimes to great depths, while western blanket peat sometimes has black fen types in its lower layers.

At present, the biggest potential for agricultural use lies with the mainly fen peats of the midland areas. These comprise perhaps one-third of the entire peat area, and it is estimated that between 500,000 and 750,000 acres will be readily reclaimable.

The most productive of this is cutover bog, or peatland from which the top layers have been removed for fuel purposes, either by hand cutting or by machine. Most of the machine processing of peat today is carried out by Bord na Mona, which is responsible for milled peat production for the firing of power stations and the production of briquettes and machine turf for household burning. Another product is "peat moss," which is used in gardening and horticulture, both at home and abroad.

At present, Bord na Mona has 22 production centers throughout the country and supplies peat to seven peat-fired power stations. About 130,000 acres are owned by Bord na Mona for production now, and a further 300,000 acres have been assessed as potentially suitable for processing. The bogs in current use will be cut out over the next 30 years. Sales revenue amounted to $28.9 million in fiscal 1972, and exports were over $4.7 million.

In addition, the Agricultural Institute has been carrying out a number of trials on cutover midland peat allocated to them by the Board. Except for small pockets brought into production by individual farmers, Ireland's potential lies in utilization of these large tracts.

PEAT IS EXTREMELY low in almost all the plant foods, but, with attention to pH levels and fertilizing, the Institute has found that there is virtually no crop that cannot be grown. In addition, fen peat has several advantages over mineral soils. These include a physical texture which ensures very good workability, aeration, and moisture-holding properties; large stretches of level land; and suitability to mechanical harvesting because of the absence of stones and clods. Additionally, the root run of plants is not restricted, and vegetables can attain their proper shape and uniformity.

Problems of drainage, which resulted for a time because of the unsuitability of traditional draining methods, have been resolved by grading the surface to allow surface runoff into open or closed drains.

Another problem arises on peat shallower than 3 feet, since it begins to be affected by the underlying subsoil, which in the midland areas is often calcareous and very high in free lime. This peat is less suitable for vegetables but will grow good grass, giving yields which compare favorably with mineral soils. However, mineral and other deficiency problems sometimes develop in livestock grazing these pastures continually, and mineral supplements have to be fed.

Also, considerable pasture damage takes place from tramping in wet

weather, and cattle cannot be outwintered on peat, as is the traditional practice on mineral soils in Ireland.

Yields of 10,000 to 11,000 pounds of dry matter per acre per annum have been recorded under continuous cutting of grassland, while grazing trials over 3 years have shown a liveweight gain of 620 pounds per acre over a 184-day period for steers stocked at 1.75 per acre. This represents nearly 2 pounds of liveweight gain per head per day, which compares quite favorably with mineral pastures.

Vegetable and grass production on midland cutover bog has been carried on commercially over the past 3 years or so, by both individuals and farmer groups. Celery, which can command very high prices and also yields particularly well on peat soils, has been a popular crop. Other crops that have been doing well under experimental conditions include soft fruits, fruit trees, flowers, bulbs, and shrubs.

The biggest problem in vegetable production so far has been securing a reliable market—a problem shared by many other horticultural growers using conventional soils.

Blanket peat is a tougher proposition. Comprising up to 2 million acres, or two-thirds of the peat area, this type holds water more and is spongy, very acid, and often associated with an underlying impermeable iron pan. Whereas water movement through woody fen peat in the midland bogs is around 28 inches a day, water moves less than half an inch per day in blanket peat. Because of the spongelike water-holding properties of this peat, conventional drains have to be spaced so close together that the operation becomes expensive. The situation is aggravated by the high rainfall, which is in excess of 50 inches per year in areas where blanket peat occurs.

The Agricultural Institute has been holding trials on blanket peat at Glenamoy in the west of Ireland and has had some success with grassland, forestry, and the production of such industrial crops as bamboo. Vegetables can also be grown with fair success, but because of the wet nature of this peat, mechanical harvesting is difficult and planting often late.

It is hoped that eventually most of these problems will be ironed out, but even with good agricultural land currently reaching $1,450 per acre in parts of the country, full-scale development of bog areas is by no means certain.

Bogland can be purchased for between $25 and $250 per acre. The cost of reclamation varies immensely, depending on how much drainage and leveling has to be done, or may already have been done, and on the nature of the particular bog. Drainage, fertilization and trace element supplementation, fencing, and cultivation all usually have to be done, but the average cost for cutover fen in the first year is probably $125 per acre; grants are available. Fertilizer inputs are high for the first 3 or 4 years but soon fall to correspond with those on mineral soils.

The real problems now, however, lie in marketing of additional products, particularly fruits and vegetables grown on peat bogs.

The Irish market for fruits and vegetables, while sometimes lucrative, is limited, extremely unstable, and very sensi-

(Continued on page 16)

Top, vegetable growing trials on cutover bog at Doire Dhraighneach, County Westmeath. Above, milled peat piles, which during the winter are covered with polythene for protection.

Kenya Strives For Increased Cashew Yield And Processing

By IRENE ROSE
Office of the Agricultural Attaché
Nairobi

Kenya, fifth among the world's commercial cashew producing nations, hopes to greatly increase its yield and process the entire crop domestically. Most of Kenya's cashew nuts currently are exported to India where they are roasted and shelled by hand before export to the United States and Europe.

No. 1 market for cashew kernels, the United States accounts for 50 percent of world sales. The Soviet Union ranks second, importing 25 percent of the total. The remainder is equally divided among Europe, including Eastern Europe, and other nations.

Cracking cashew nuts by hand in Kenya. Efforts are being made to utilize mechanical shelling and roasting facilities in the near future.

However, in recent years, India has been relying more on sales to the Soviet Union and the United States is taking an increasing share from Mozambique and Brazil. Mozambique is the world's largest commercial producer of cashews while Kenya's production about equals that of Brazil.

Kenya's cashew production for 1971 reached a record 26,000 short tons (in-shell basis). Production for the preceding 5 years averaged just over 9,000 tons. Exports of Kenya's raw cashew nuts totaled 2,400 tons in 1970.

Cashews are grown primarily by small landholders in the humid southern part of the Kenyan coast. For most of them it is an attractive crop because it yields a cash income even when uncultivated. Prices paid to Kenyan growers are reportedly the highest in the world. In the 1970 and 1971 seasons, prices remained fairly constant at around 7 U.S. cents per pound.

Cashew trees grow quickly and start producing nuts in their third year in the field. Specialized plantings average about 530 pounds per acre, with yields as high as 1,500 pounds per acre on experimental plots. Good yields can be obtained without fertilizers or manures and only a little pruning is necessary beneath the trees for nut collection and weed control.

Production is expected to double as nonbearing acreage matures and Government-sponsored planting programs are continued. As yields increase, it may become economically feasible to initiate mechanized shelling facilities. Previous production levels have not justified the large capital investment for such facilities. Presently, there is a manual and a mechanical decorticator operating on an experimental basis at Kilifi, Kenya.

While the kernel is the most important product of the cashew nut, especially for dessert and confectionery purposes, the cashew nut shell liquid (CNSL) is also valuable. Its main components are cardol, cardinol, and anacardic acid which can be used in a number of industrial products including paints, plastics, and brake linings.

The removal of the kernel from the shell represents one of the greatest problems in the cashew industry because the resin or CNSL found in the mesocarp, has two undesirable effects unless precautions are taken. It contaminates the kernels and severely blisters the skin of any person coming into contact with it.

On both small- and large-scale farms the traditional method of processing is roasting, which eliminates most of the CNSL and makes the shells sufficiently brittle for them to be cracked. If the nuts are roasted in drums, the valuable CNSL is destroyed; if they are roasted in a bath of CNSL the liquid is extracted and retained. Baths of the nut liquid at temperatures of 356-365 degrees F. are employed in the mechanical processing plants at Kilifi.

During hand shelling at the Kilifi plant, the nuts and worker's hands are kept dusted with wood ash to prevent skin blistering and kernel contamination by any CNSL remaining on the shell.

Kenya's first commercial establishment in the cashew industry was a processing plant with exclusive license for handling the entire crop. This factory operated on a drum roast process, in which cashew nut oils were extracted but were used as the fuel to roast the nuts before they were shelled.

In 1953 the first plant joined with another firm in erecting a cashew nut shell oil extracting plant and began processing with this instead of the drum roast process. Laborers complained because the oil burned their hands when they handled the nuts. As a result, high absenteeism caused production to decline sharply, forcing the company to return to the drum roast process.

The first raw nuts were exported from Kenya in 1955-56 when production exceeded the capacity of the plant, which was then about 1,000 tons of raw nuts annually. Competition between local processors and exporters for raw cashews was severe becaue exporters were able to pay a higher price for the nuts and processors had difficulty in obtaining sufficient quantities to operate the plants at full capacity.

The main obstacles in developing a local processing industry in Kenya are the lack of capital investment and adequate skilled labor such as exists in India, and which will take some time to train. Ways to overcome these deterrents are under consideration. If Kenya's aim for increased yields and development of a processing industry is successful, a new source of cashew kernels may become available to the United States.

CROPS AND MARKETS

Brazil Discourages Exports Of Feed Ingredients

The Brazilian Government is attempting to limit the export movement of high-protein meals and certain other feed ingredients, in order to increase domestic availabilities and to stem soaring feed costs—and, ultimately, consumer prices for poultry and red meat.

The Government has recently imposed these measures:

• Exporters of feed ingredients (such as soybean, peanut, cottonseed, babassu, and castorbean cakes and meals and fish, oyster, bone, and blood meals) must lose 50 percent of the value-added tax exemption they had been receiving for the raw materials employed in manufacturing these items. (The 13.5-percent value-added tax on soybeans had, until now, been rebated on exports of soybean meal as part of the Brazilian policy to export processed products rather than raw materials.)

• The 13.5-percent tax on exports of soybeans, corn, sorghum, peanuts, and babassu will henceforth apply also to Santos—the only port not hitherto imposing this tax. In 1972, Santos for the first time exported an appreciable tonnage of soybeans—about 150,000 metric tons.

The Government of Brazil is reportedly considering additional measures to offset the current exceptionally strong attraction of the foreign market for feed ingredients.

FATS, OILS, AND OILSEEDS

Smaller Soviet Sunflower Crop May Reduce Oil Exports

Despite expanded plantings, the 1972 Soviet sunflowerseed harvest declined 11 percent to 5 million metric tons. The decline is equivalent to roughly 240,000 tons of oil.

Because the Soviet cotton crop showed no appreciable change from the 1971 volume, recent sales of 1 million metric tons of U.S. soybeans—equivalent to about 175,000 tons of oil—will not be large enough to maintain both consumption and exports. Therefore the Soviet Union will likely reduce exports of sunflowerseed oil or seek additional imports of other vegetable oilseeds or oils.

This gap—65,000 tons—is equivalent to the oil fraction of 13.5 million bushels of soybeans. Assuming normal growth in consumption of vegetable oil, reflected by the previous trend, the difference nearly doubles to 125,000 tons—equivalent to 26 million bushels of soybeans.

Europe Expects Record Rapeseed Crops

Rapeseed production in Europe in 1973 is expected to exceed the record 2.4 million tons harvested in 1972. Increased plantings of winter rapeseed, for harvest in 1973, indicate larger crops for France, West Germany, the Netherlands, Poland, and the United Kingdom. Moreover, preparatory to the entry of the United Kingdom, Ireland, and Denmark into the European Community, intervention prices for rapeseed were established by the EC Commission to be effective from February 1, 1973. This provides a further incentive for increased rapeseed production in these three countries in the current year.

Italy Limits Erucic Acid in Foods

The Italian Government issued a decree on January 5 restricting the erucic acid content of edible vegetable oil to a maximum of 10 percent. The decree cited rapeseed oil's usually high erucic acid content which may be dangerous to human health.

This measure is expected to result in reduced imports and crushings of rapeseed and a shift from European produced rapeseed which is high in erucic acid content (up to 50 percent), to the new low erucic acid varieties (5 percent) available mainly from Canada.

Mexico May Have Record U.S. Soybean Oil Imports

Mexico is likely to import record quantities—45 million to 55 million pounds—of U.S. soybean oil during January-October 1973, according to the U.S. Agricultural Attaché in Mexico City. Imports are needed to cover a shortage of edible oil caused by lower-than-estimated oilseed crops, as well as heavier exports of sesame and safflowerseed which considerably reduced stocks of these oilseeds.

A shortage of high protein meal has also developed. To meet domestic requirements, Mexico plans to import at least 110,000 short tons of U.S. soybean meal in January-October. This quantity is just slightly below the record 116,000 tons imported in 1970-71.

COTTON

Japanese Firm Contracts To Buy California Cotton

A Japanese newspaper has reported that UNITIKA, Japan's second largest spinning firm, has concluded a 3-year contract with certain San Joaquin Valley (California) cotton farmers for the direct purchase of an average of 500 bales of cotton per month beginning November 1973. It is said this is the first such contract made by a Japanese spinning firm, and may mark the beginning of a new approach by the Japanese in the U.S. cotton market.

The contract was concluded in October but just announced recently. Made between the spinning mill and individual private producers, the agreement may actually permit the sale of more than 500 bales per month.

According to the newspaper, the pact provides the guaranteed supply of about 20 percent of UNITIKA's needs for medium-count yarn production. It is understood the spinning firm may make other contracts of a similar nature in other cotton producing areas.

SUGAR AND TROPICAL PRODUCTS

U.S. Confectionery Quota Set for 1973

The U.S. Department of Agriculture, as required by the 1971 amendment to the Sugar Act, has set the 1973 quota limiting imports into the United States (including Puerto Rico) of sweetened chocolate (except in bars and blocks of 10 lb. or more), candy, and other confectionery products at 198.7 million pounds. The quota applies to items 156.30 and 157.10 of the U.S. Tariff Schedule.

Each year's quota is equal to average U.S. imports for a period of 3 years preceding the quota year (1969-71 in the case of the 1973 quota), or 5 percent of confectionery manufacturers' sales during the most recent calendar year for which data are available, whichever is larger.

Confectionery sales in 1971, which determined the 1973 quota, totaled 3.97 billion pounds. This was 1 percent more than 1970 sales of 3.93 billion pounds, which resulted in a 1972 quota of 196.6 million pounds.

The 1973 quota reserves 21.7 million pounds for the importation of chocolate crumb, controlled by licenses issued by USDA's Foreign Agricultural Service.

The remainder of the quota (177 million pounds) will be filled on a first-come, first-served basis, except that 70 percent (124 million pounds) may be imported on or before September 30, 1973.

The balance is available for importation in the last quarter of the year when holiday season imports are made.

LIVESTOCK AND MEAT PRODUCTS

West Germans Blame CAP For Beef Shortage

The German Institute for Agricultural Research has just released a study blaming the European Community's Common Agricultural Policy for the EC's milk surplus and beef shortage. Earlier, West German consumer and labor groups had made the same charge.

Institute findings say the EC's milk-beef program is intended to raise producer incomes, but fails to do so, and disrupts EC stabilization efforts. Evidence of this, the report says, is continuing increases in consumer prices.

Specifically the research cites that in 1970 and 1971, the EC attempted to halt rising milk prices by paying premiums to farmers who reduced the number of cows in their herds or who refrained from marketing part of their milk output.

However, the report says, both measures resulted only in a short-term reduction of milk supplies because most of the cows slaughtered were low-yielding animals, while replacement cattle and those already in the herd increased average milk yields. The slaughter program also created a calf shortage which exacerbated the meat situation.

In the same 2-year period, costly, large-scale programs were launched to reduce the EC "butter mountain." Government and private stocks were cut when butter was sold at reduced prices to low income groups, military organizations, social institutions, and food processing firms. These sales gave a false impression that the butter market had "normalized," the report said.

The institute predicted that farmers will start to build up cow herds which, coupled with current high yields, will result in a larger EC milk surplus than before.

The research institute said the obvious solution to the butter surplus-beef shortage lies in enactment of a long-term EC program that would simultaneously reduce milk output and encourage beef production.

Among the suggested procedures were selective breeding of beef-type animals from available dual-purpose breeds, and little practiced management methods such as keeping calves with their mothers until they are weaned and mature enough to have calves of their own before being slaughtered.

U.S. Cattle Sales To Korea Rise

Korea imported 3,819 head of cattle in 1972, an increase of 88 percent over the 2,033 head of the previous year. The United States was the largest supplier of dairy cattle last year, while Australia provided most of the beef cattle.

Total U.S. cattle shipments jumped from 569 head in 1971, representing 28 percent of Korean imports, to 2,077 head last year for 54.4 percent. U.S. sales of cattle by type to Korea in 1972 (with 1971 totals in parentheses) were: Dairy, 1,961 (289); beef, 116 (280).

Australia shipped 738 head of dairy cattle and 1,000 head of beef cattle to Korea in 1972. Japan shipped just four head of the latter.

Iran Buys U.S. Dairy Cattle

The first planeload of the 550 head of Holstein breeding cattle purchased by Iran in December arrived at Tehran airport January 25. This was the first major shipment of U.S. dairy cattle to that country.

Iran is a promising market for U.S. dairy breeding cattle and has expressed an interest in purchasing additional cattle for delivery in calendar 1973 and 1974, provided the cost of transporting the cattle is not prohibitive.

EC Proposes Uniform Export Subsidies for Breeding Animals

The European Community Commission recently submitted to the Council a proposal to create uniform subsidies among member countries for the export of purebred breeding animals to third countries.

Currently, no Common Market policy exists for breeding animals. Consequently, members are free to grant their own aids for export. This is particularly displeasing to member countries who grant no aids for the export of breeding animals and yet face subsidized competition on the world market from other members.

In 1971 the EC Six exported the following purebred animals to third countries: 16,625 head of cattle, 427 horses, 2,347 sheep, 2,265 hogs, and 100 goats.

Argentine Breeders Buy U.S. Angus Bulls

Argentina has been a customer for U.S. Angus breeding cattle for many years with purchases which, while not large in numbers, have been relatively high in value. Two bulls recently bought by Argentine breeders went for about $30,000 each. Bred by a Colorado Angus producer, one was the Junior and Reserve Grand Champion bull of the Chicago International Livestock Exposition held in late November.

In most years U.S. Angus breeding cattle have been No. 3 in number of head exported, but in 1970 and 1971 they moved into second position. Exports of Angus breeding cattle to all countries have ranged from 1,951 head in 1964 to 3,215 in 1971, and will probably be similarly high in 1972.

Total exports of all beef breeding cattle averaged 19,287 head per year between 1964 and 1971.

GRAINS, FEEDS, PULSES, AND SEEDS

Asian Countries Increase Rice Imports 13 Percent

Imports of milled rice by Asian countries east of Iran increased from 4.6 million tons in 1971 to about 5.2 million tons in 1972—a gain of 13 percent. Larger imports by the Philippines, Bangladesh, and Indonesia accounted for most of the increase. Rice imports into South Vietnam and Khmer Republic also increased sharply.

U.S. exports of rice to Asian nations east of Iran increased from 972,000 tons in 1971 to about 1.5 million tons in 1972 because of larger deliveries to South Korea, the Philippines, and South Vietnam, and the opening of new markets in Bangladesh and the Khmer Republic.

Grain Exports and Transportation Trends: Week Ending February 2

Weekly export inspections of wheat, feedgrains, and soybeans totaled 1.8 million metric tons for the week ending February 2—a slight gain from the week before and 13 percent above the January weekly average.

Inland transportation was again at a very high level—for the fourth straight week. Railcar loadings of grain totaled 35,875 cars, up slightly from a week earlier. Barge shipments of grain, at 475,000 metric tons, were down 7 percent from the previous week.

GRAIN EXPORT AND TRANSPORTATION TRENDS: WEEK ENDING FEBRUARY 2

Item	Week ending Feb. 2	Previous week	Weekly average, January	Weekly average, second quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections for export:				
Wheat	775	688	668	557
Feedgrains	616	869	675	595
Soybeans	407	221	249	351
Total	1,798	1,778	1,592	1,503
Inland transportation:				
Barge shipments of grain	475	513	497	559
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	35,875	35,761	33,287	30,923

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 14	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	3.12	−5	1.98
USSR SKS-14	(1)	(1)	1.87
Australian FAQ [2]	2.79	−7	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	2.75	−17	1.92
15 percent	2.77	−17	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	2.69	−18	1.80
No. 3 Hard Amber Durum	3.01	−4	1.82
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	2.05	−15	1.41
Argentine Plate corn	2.27	−13	1.60
U.S. No. 2 sorghum	2.25	−16	1.50
Argentine-Granifero sorghum	2.24	−16	1.53
U.S. No. 3 Feed barley	1.98	−2	1.25
Soybeans:			
U.S. No. 2 Yellow	6.98	+38	3.41
EC import levies: [3]			
Wheat [4]	[5] 1.51	+53	1.64
Corn [6]	[5] 1.03	+23	1.11
Sorghum [6]	[5] .85	+30	1.03

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] The grain levies in the new member countries are reduced by the following amounts through July 31, 1973: Wheat—United Kingdom, $1.31; Denmark, $0.29; Ireland, $0.23. Corn—United Kingdom, $1.02; Ireland, $0.63. Sorghum—United Kingdom, $1.03; Ireland, $0.68. [4] Durum has a separate levy. [5] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [6] Italian levies are 21 cents a bu. lower than those of other EC countries.

DAIRY AND POULTRY

Irish Dairy Product Exports Set Record

According to the Irish Dairy Board, the estimated value of dairy product exports rose from $112.8 million in 1971 to a record of almost $138.7 million in 1972—an increase of nearly 23 percent.

The Dairy Board estimated the increase in value at 29 percent for butter, 29.4 percent for cheese, almost 25 percent for chocolate crumb, 14.5 percent for skim milk powder, and 14.2 percent for whole milk powder. The overall value increase is estimated at 21.4 percent.

Volumes of Irish dairy product exports are down, however, compared with the same period in 1971. According to January-October export figures, totals were: Creamery butter, 37,000 long tons; cheese and skim milk powder, 27,500 tons each; whole milk powder, more than 10,700 tons; chocolate crumb, 52,000 tons; fresh cream, 5,600 tons; casein, 800 tons; and other items, 7,000 tons.

Ireland faces a growing crisis in liquid milk outturn. A large number of suppliers have changed over to production of manufacturing milk and beef because the price differential between milk for liquid consumption and that for manufacturing is slight.

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$2-Billion U.S. Farm Market in Japan

(Continued from page 4)

cently in the case of a very promising U.S. canned product, and we are still working on that problem. Inspection requirements for salmonella appear to be more rigid for imported than domestic products. We cannot ship our fresh potatoes to Japan even though we can certify that they meet Japanese requirements from the shipping States.

There are, then, a number of opportunities for the Japanese to take further steps to facilitate imports from us and the rest of the world. This is especially important now because of their large trade and payments surplus. Japan's trade surplus with the United States increased from about $300 million in 1965 to $3.2 billion in 1971, and about $4 billion in 1972.

Despite the revaluation of the yen in late 1971, Japan's exports to the United States have expanded at a more rapid pace than its imports from the United States. Japan's global trade surplus with all countries is over $8 billion, and Japan's exchange reserves have continued to grow to a record $18.4 billion at the end of last November.

The Japanese recognize that it is in their own self interest to take steps to reduce this trade surplus. They announced a new 5-point program last October aimed in this direction. So far the only action taken on the import side has been to reduce tariffs on certain agricultural processed goods and manufactured items by 20 percent on November 22 and to enlarge some quotas. Most of our agricultural products were excluded, however.

We hope Japan will do more to encourage imports. They need to remove the remaining quotas—which are an anachronism in a time of burgeoning trade surplus. They need to broaden tariff cuts on those products with sales potential and roll back tariffs that were increased to offset quota removal. Japan needs to shift its import encouragement program from low to high gear.

Japanese consumers should have the opportunity to enjoy many of the fine American processed foods that are available to consumers in so many other countries. There should be a substantial market in Japan for many of the more advanced items that continue to come from our dynamic and innovative food industry.

The main asset U.S. farm producers have had in development of overseas markets is a reputation for reliability as a source of supply. This means that we must continue to produce in the quantities, grades, and varieties desired by our export customers. The actions taken recently, with respect to the release of reserves and the expansion of production for 1973 harvest, were aimed at that objective.

With these two elements at work—an increasing liberalization of Japanese trade and a determination on our part to produce and sell to that market—we can look forward to a day not far away when the goal of $2 billion in agricultural trade with Japan will be a reality.

Ireland's Wet Desert

(Continued from page 11)

tive to seasonal overproduction. Entry into the EC removes the measure of protection fruit and vegetable producers enjoyed in Ireland without, at present, substantially increasing the market opportunities vis-a-vis those for most other agricultural products.

In addition, the black fen peat most suitable for horticulture is also the most valuable for fuel. Bord na Mona says that if it were to leave the minimum 4-5 feet of peat, which Institute workers say is essential for long-term vegetable growing, much of the fuel potential of the peat would be lost, together with valuable rural employment, which is currently running at between 4,000 and 5,500 workers.

Certainly, the long- and short-term priorities for what should happen to Ireland's bogs will continue to be discussed. With the improvement of marketing facilities—for instance, by the setting up of more freezing and processing factories—the midlands of Ireland could become the garden of Europe.